



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

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November 15, 2011

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**AMENDMENT NO. 2 TO LEASE NO. 72146
DEPARTMENT OF PUBLIC HEALTH
6851 LENNOX AVENUE, VAN NUYS
(THIRD DISTRICT) (3 VOTES)**

SUBJECT

The recommendation is for an amendment to an existing lease to extend the lease term for an additional three years.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the project is exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301, of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Mayor to sign the lease amendment with 6851 Lennox, LLC for 7,537 rentable square feet of office space at 6851 Lennox Avenue, Van Nuys, to be occupied by the Department of Public Health at a maximum first year cost of \$155,988. All of the rental costs are to be funded via license and permit fees generated by the Department of Public Health.
3. Authorize the Chief Executive Officer and the Director of Public Health to implement the project. The lease will be effective upon Board approval and the term will commence on December 1, 2011.

"To Enrich Lives Through Effective And Caring Service"

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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions are to extend the lease term for an additional three years until the Department of Public Health (DPH) and the Chief Executive Office (CEO)/Real Estate Division (RED) relocate the programs to a more suitable space. Over the past five years, staffing at the subject facility has increased, and the Landlord is unable to provide adequate, contiguous space to accommodate DPH's growth. The current lease expired on August 31, 2011, and is now a month-to-month holdover tenancy.

The subject facility has housed Environmental Health programs since 1999. DPH intends to divide and relocate the programs into a Mid-Valley and a West Valley office. Based on an analysis of the program requirements, the Mid-Valley space requirement has been allocated 9,767 square feet and the West Valley space requirement has been allocated 6,573 square feet. The CEO/RED is working with DPH to locate viable replacement facilities for both space requirements.

The Mid-Valley and West Valley programs consist of 50 and 34 employees, respectively, and the programs are as follows: District Services (inspections of retail food facilities, multifamily facilities, and single family residences); Food and Milk (inspection of wholesale food facilities); Housing and Institution (inspections of motels, hotels, jails, and day care centers); Vector Control (abatement of rodents, mosquitoes, and vector borne diseases); Solid Waste (permits and inspections of disposal sites, processing stations, composting facilities, landfills, waste collectors, and transformation facilities); Plan Check (reviews and approves food facility plans); Land Use (inspections of small water systems, septic tanks, pumping vehicles, private sewage systems, sewage treatment, and water reclamation plants); Swimming Pool (inspections of public pools); and Cross Connection (inspections of water systems cross connections and backflow devices).

Implementation of Strategic Plan Goals

The County of Los Angeles (County) Strategic Plan Goal of Operational Effectiveness (Goal 1) directs that we maximize the effectiveness of the County's operations to support the timely delivery of customer-oriented and efficient public services. Approval of the lease amendment will provide the continued occupancy of the office space that houses DPH programs. While the lease amendment is not in conformance with the Asset Management Principles, CEO/RED is actively seeking replacement space and a new lease that conforms while meeting the needs of DPH.

FISCAL IMPACT/FINANCING

The maximum first year costs for this lease amendment will be \$155,988.

| 6851 Lennox Ave. Van Nuys | Existing Lease | Proposed Lease Amendment No. 1 | Changes |
|--------------------------------------|--|---|--------------------------------------|
| Area | 7,537 sq. ft. | 7,537 sq. ft. | None |
| Term | 9/1/09 to 8/31/11 month-to-month since 9/1/11 | 12/1/11 to 11/30/14 | +3 years |
| Annual Base Rent | \$155,988 or \$20.70/sq. ft. | \$155,988 or \$20.70/sq. ft. | None |
| Annual Base Rent Adjustment | Fixed increase of 3 percent | Consumer Price Index (CPI) adjustment, 0 percent minimum and 4 percent maximum | CPI adjustment, 4 percent maximum |
| Parking (included in rent) | 28 spaces | 28 spaces | None |
| Cancellation | After August 31, 2010 upon 180 days notice | After March 1, 2013 upon 180 days notice | After March 2013 |

Sufficient funding for the proposed lease amendment is included in the 2011-12 Rent Expense budget and will be billed back to DPH. DPH has allocated sufficient funds in its 2011-12 operating budget to cover the projected lease costs. All of the rental costs are to be funded via license and permit fees generated by DPH.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease amendment will allow DPH to continue occupying the subject facility for at least 15 months and up to 36 additional months. The existing terms and conditions of the lease shall remain unchanged for the proposed amendment, except the following:

- The extension term will be effective upon Board approval and will commence on December 1, 2011.
- The rent shall be adjusted annually in accordance with changes in the CPI, but the annual adjustment shall not be more than 4 percent, nor less than zero.
- The lease amendment provides the County the right to cancel anytime after March 1, 2013, upon 180 days prior written notice.

The CEO/RED staff conducted a survey within the Van Nuys area to determine the availability of comparable and more economical sites. Staff was unable to identify any suitable sites in the surveyed area that could accommodate this space requirement in a short timeframe. Staff has established that the rental range for similar lease terms is between \$18.60 and \$25.20 per rentable square foot per year. Thus, the proposed annual rental rate of \$20.70 is within the fair market rent for the area.

Attachment B shows all County-owned or leased facilities in proximity of the service area, and there are no County-owned or leased facilities available.

ENVIRONMENTAL DOCUMENTATION

The CEO has concluded that this project is exempt from California Environmental Quality Act (CEQA) as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

An Americans with Disabilities Act (ADA) assessment has identified several access barriers at this facility. However, the landlord is unwilling to incur the costs associated with removing the ADA barriers due to DPH's intention to vacate this facility after March 2013. DPH will make arrangements to accommodate any clients with disabilities at another facility until the programs are relocated.

A child care center in this building is not feasible.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

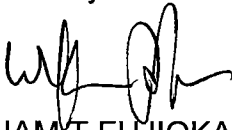
The proposed lease amendment will provide the office space necessary for DPH to provide uninterrupted services for clients in the San Fernando Valley. DPH concurs with the recommendation herein.

The Honorable Board of Supervisors
November 15, 2011
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CONCLUSION

It is requested that the Executive Officer, Board of Supervisors return two originals of the lease, two originals of the certified copies of the Minute Order and the adopted, stamped Board letter to the CEO, RED at 222 South Hill Street, 3rd Floor, Los Angeles, CA 90012.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'William T. Fujioka', with a stylized, cursive script.

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RLR:CMM
CEM:KW:hd

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Public Health

**DEPARTMENT OF PUBLIC HEALTH
6851 LENNOX AVENUE, VAN NUYS
Asset Management Principles Compliance Form¹**

| | | | | | |
|----|---|---|-----|----|-----|
| 1. | Occupancy | | Yes | No | N/A |
| | A | Does lease consolidate administrative functions? ² | | | X |
| | B | Does lease co-locate with other functions to better serve clients? ² | X | | |
| | C | Does this lease centralize business support functions? ² | | | X |
| | D | Does this lease meet the guideline of 200 sq.ft of space per person? ² The lease provides 90/sq. ft., of space per person for 84 approved staff. Program growth, over the past five years, has led to overcrowded conditions. DPH intends to relocate staff to suitable space after March 1, 2013. | | X | |
| 2. | Capital | | | | |
| | A | Is it a substantial net County cost (NCC) program? | | X | |
| | B | Is this a long term County program? | X | | |
| | C | If yes to 2 B or C; is it a capital lease or an operating lease with an option to buy? | | X | |
| | D | If no, are there any suitable County-owned facilities available? | | X | |
| | E | If yes, why is lease being recommended over occupancy in County-owned space? | | | X |
| | F | Is Building Description Report attached as Attachment B? | X | | |
| | G | Was build-to-suit or capital project considered? ² Build-to-suit or capital project is not feasible at this time. | | X | |
| 3. | Portfolio Management | | | | |
| | A | Did department utilize CEO Space Request Evaluation (SRE)? | X | | |
| | B | Was the space need justified? (for relocation) | X | | |
| | C | If a renewal lease, was co-location with other County departments considered? | | | X |
| | D | Why was this program not co-located? | | | |
| | | 1. ___ The program clientele requires a "stand alone" parking area. | | | |
| | | 2. ___ No suitable County occupied properties in project area. | | | |
| | | 3. ___ No County-owned facilities available for the project. | | | |
| | | 4. ___ Could not get City clearance or approval. | | | |
| | | 5. <u>X</u> The Program is being co-located. | | | |
| | E | Is lease a full service lease? ² | X | | |
| | F | Has growth projection been considered in space request? | X | | |
| | G | Has the Dept. of Public Works completed seismic review/approval? | X | | |
| | ¹ As approved by the Board of Supervisors 11/17/98 | | | | |
| | ² If not, why not? | | | | |

**DEPARTMENT OF PUBLIC HEALTH
SPACE SEARCH THREE MILE RADIUS OF
6851 LENNOX AVENUE, VAN NUYS**

| LACO | FACILITY NAME | ADDRESS | GROSS SQ. FT. | NET SQ. FT. | OWNERSHIP | AVAILABLE SQ. FT. |
|------|--|---|---------------|-------------|-----------|-------------------|
| 5858 | PH-Pacoima Public Health Center | 13300 Van Nuys Bl, Pacoima 91331 | 5404 | 3098 | Owned | None |
| A502 | PH-Children's Medical Service Center | 12502 Van Nuys Bl, Pacoima 91331 | 6664 | 5577 | Leased | None |
| 6247 | WHITEMAN AIRPORT- Admin Bldg | 12653 Osborne St, Pacoima 91331 | 4657 | 3795 | Owned | None |
| F309 | DPW-Flood-Hansen Yard | 11950 Branford St, Sun Valley 91352 | 2236 | 1901 | Owned | None |
| F311 | DPW -Flood-Hansen Yard Office | 11950 Branford St, Sun Valley 91352 | 1612 | 1450 | Owned | None |
| A641 | DPSS - GROW Office | 9188 Glenoaks Blvd, Sun Valley 91352 | 24780 | 23541 | Leased | None |
| A316 | SHERIFF-North Hills T.R.A.P. Unit | 8353 N Sepulveda Blvd, North Hills 91343 | 1500 | 1500 | Leased | None |
| D310 | DPSS-East Valley District Office | 14545 Lanark St, Panorama City 91402 | 96360 | 39588 | Owned | None |
| 0505 | MID VALLEY-Former Bowling Alley (Non-habitable) | 7501 Van Nuys Blvd, Van Nuys 91405 | 28269 | 22615 | Owned | 22615 |
| 6359 | MID VALLEY-San Fernando Valley Service Center | 7555 Van Nuys Blvd, Van Nuys 91405 | 17698 | 10623 | Financed | None |
| A383 | PH-San Fernando District Environmental Health | 6851 Lennox Ave, Van Nuys 91405 | 7537 | 7160 | Leased | None |
| A494 | PROBATION-Van Nuys Juvenile Services Annex | 7100 Van Nuys Blvd, Van Nuys 91405 | 4460 | 4142 | Leased | None |
| A491 | PROBATION- Juvenile Services | 14540 Haynes St, Van Nuys 91411 | 13500 | 11475 | Leased | None |
| 4705 | PROBATION-East San Fernando Valley Area Office | 14414 W Delano St, Van Nuys 91401 | 15825 | 8362 | Owned | None |
| 5273 | VAN NUYS - County Administrative Center Bldg | 14340 W Sylvan St, Van Nuys 91401 | 9849 | 6992 | Owned | None |
| A565 | APD - Van Nuys Office | 14553 Delano St, Van Nuys 91401 | 3878 | 3684 | Leased | None |
| F631 | DPW -Flood-Saticoy Yard Building 4 Office | 13444 Saticoy St, North Hollywood 91601 | 2400 | 2280 | Owned | None |
| X368 | PH-Sun Valley Health Center | 7223 N Fair Ave, Sun Valley 91352 | 10659 | 10245 | JPA | None |
| A145 | CHILD SUPPORT SERVICES- Division I - Headquarters | 15531 Ventura Blvd, Encino 91436-3157 | 45775 | 30602 | Leased | None |
| T400 | PH- North Hollywood Public Health Center Annex | 5300 Tujunga Ave, North Hollywood 91601 | 1347 | 1280 | Owned | None |
| 5873 | PH-North Hollywood Public Health Center | 5300 Tujunga Ave, North Hollywood 91601 | 7511 | 4286 | Owned | None |

**AMENDMENT NO. 2 TO COUNTY LEASE NO. 72146
6851 LENNOX AVENUE, VAN NUYS**

This Amendment No. 2 to Lease No. 72146 ("Amendment No. 2") is made and entered into this _____ day of _____, 201____, by and between 6851 LENNOX, LLC ("Lessor") and the COUNTY OF LOS ANGELES, a body politic and corporate ("Lessee").

RECITALS:

WHEREAS, Lessor and Lessee entered into that certain County Lease No. 72146 dated June 8, 1999 (the "Lease") whereby Lessor leased to Lessee approximately 7,537 rentable square feet of office space in the building located at 6851 Lennox Avenue, Van Nuys, California ("Premises"), for a term of five (5) years from July 21, 1999 to July 20, 2004; and

WHEREAS, Lessee exercised an option to renew the Lease on July 20, 2004 for an additional five (5) years extending the term from July 21, 2004 to July 20, 2009 ; and

WHEREAS, Lessee exercised an option to renew the Lease as set forth in Amendment No.1 to Lease No. 72146 dated August 18, 2009 for an additional two (2) years extending the term from September 1, 2009 to August 31, 2011 ; and

WHEREAS, Lessor and Lessee desire to amend the Lease for the purpose of extending the term again for an additional three (3) years;

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the rents, covenants and agreements hereinafter contained, Lessor and Lessee hereby agree to amend the Lease as follows:

1. Section 2. TERM, is hereby amended by the addition of the following language:

The term of this Lease shall be extended for a period of three (3) years commencing on December 1, 2011 and ending on November 30, 2014 ("Term" or "Third Extension Term").

2. Section 3. RENT, is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

The Lessee hereby agrees to pay as rent for the Premises during the Third Extension Term the sum of Twelve Thousand Nine Hundred Ninety-Nine and 00/100 Dollars (\$12,999.00) per month for months one (1) through twelve (12) of the Third Extension Term. Rental payments shall be payable by Auditor's General Warrant within fifteen days after the first day of each and every month of the term hereof provided Lessor has caused a claim therefor for each such month to be filed with the Auditor of the County of Los Angeles prior to the first day of each month. Pursuant to Section 26 hereof, rental payments shall be subject to adjustment on the 13th month of the Third Extension Term.

3. Section 5. CANCELLATION is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

Lessee shall have the right to cancel this Lease at any time after March 1, 2013 by giving Lessor not less than 180 days prior written notice by letter from the Lessee's Chief Executive Office. By way of illustration of the foregoing, notice would be given on or before September 1, 2012 to effectuate cancellation on March 1, 2013.

4. Section 26. RENTAL ADJUSTMENT, is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

(a) RENT ADJUSTMENT. At the beginning of the 13th month of the Third Extension Term (the "Adjustment Date") and on every anniversary of the Adjustment Date thereafter, Base Rent shall be adjusted by applying the CPI Formula set forth below.

(b) CPI Formula. The Index means the Consumer Price Index for all Urban Consumers for the Los Angeles-Riverside-Orange County, CA area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100). The "CPI Formula" means Base Rent multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month the adjustment is to be effective, and the denominator being the Index published for the month the Lease commenced (the "Base Index"). If the Index is changed so that the Index differs from that used as of the Commencement Date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term of this Lease, such other governmental index or computation with which it is replaced shall be used in order to obtain substantially the same results as would be obtained if the Index had not been discontinued or revised.

(c) Illustration of Formula. The formula for determining the new rent shall be as follows:

$$\frac{\text{New Index}}{[\text{Base Index}]} \times \$12,999.00 \text{ (Base Rent)} = \text{New Monthly Base Rent}$$

(d) Limitations on CPI Adjustment. In no event shall the monthly Base Rent adjustment based upon the CPI formula result in an annual increase more than four percent (4%) per year of the Base Rent of \$12,999.00 (i.e. not more than \$519.96 per month, per annual adjustment). In no event shall the monthly rent be adjusted by the CPI Formula to result in a lower monthly Base Rent than was payable during the previous year of the Lease.

5. Unless otherwise expressly provided in this Amendment No. 2, all of the terms and conditions contained in the Lease shall remain in full force and effect. In the event of a conflict between the Lease and this Amendment No. 2, the terms of Amendment No. 2 shall control.

6. Each of the undersigned signatories for the Lessor personally covenant, warrant, and guarantee that each of them, jointly and severally, have the power and authority to execute this Lease Amendment upon the terms and conditions stated herein and each agrees to indemnify and hold harmless the Lessee from all damages, costs, and expenses, which result from a breach of this representation.

7. All undefined terms when used herein shall have the same respective meanings as are given under the Lease unless expressly provided otherwise in this Amendment No. 2.

IN WITNESS WHEREOF, the Lessor has executed this Amendment No. 2 or caused it to be duly executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Amendment No. 2 to be executed on its behalf by the Chair of said Board and attested to by the Clerk thereof the day, month, and year first above written.

LESSOR:

6851 LENNOX, LLC

By:  _____

Name: GEORGE E. MUSI

Title: MANAGER

LESSEE:

COUNTY OF LOS ANGELES
a body politic and corporate

By: _____

Michael D. Antonovich
Mayor, Board of Supervisors

ATTEST:

Sachi A Hamai
Executive Officer-Clerk
of the Board of Supervisors

By: _____

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN
County Counsel

By:  _____

Senior Deputy: Amy M. Caves